

Message Text

LIMITED OFFICIAL USE

PAGE 01 BRASIL 08013 151949Z

63

ACTION ARA-10

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01

DODE-00 EB-07 FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00

NSC-05 OMB-01 PM-04 USIA-06 SAM-01 OES-03 SP-02 SS-15

STR-04 TRSE-00 FEA-01 /090 W
----- 110666

R 121500Z SEP 75 ZDK
FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC 1470
INFO AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO
USDOC WASHDC
AMCONSUL SALVADOR
AMCONSUL PORTO ALEGRE
AMCONSUL RECIFE
AMCONSUL BELEM

LIMITED OFFICIAL USE BRASILIA 8013

USDOC PASS MEPD

E.O.11652: N/A

TAGS: PTIO, BR

SUBJECT: BRAZIL'S THIRD PETROCHEMICAL COMPLEX - POSSIBLE
MAJOR PROJECTS TASK FORCE OPPORTUNITY

SUMMARY

ON AUGUST 27 THE FEDERAL GOVERNMENT ANNOUNCED THAT
BRAZIL'S ONE BILLION DOLLAR THIRD PETROCHEMICAL COMPLEX
WOULD BE LOCATED IN THE STATE OF RIO GRANDE DO SUL,
COMPLEX TO BE BASED ON BASIC RAW MATERIALS - NAPTHA
AND GAS OIL - SUPPLIED BY PETROBRAS ALBERTO PASQUALINI
REFINERY SOME TEN MILES NORTH OF PORTO ALEGRE, OVERALL
BASIC ENGINEERING FOR COMPLEX STILL WIDE OPEN. INVESTMENTS
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BRASIL 08013 151949Z

FOR SPECIFIC UNITS IN COMPLEX WILL BE SOUGHT. POWER

FOR COMPLEX TO BE GENERATED BY COAL-FIRED THERMOELECTRIC PLANT CONSTRUCTED SPECIFICALLY FOR THIS PURPOSE IN EFFORT REDUCE PETROLEUM DEPENDENCE. EMBASSY BELIEVES DECISION ON THIRD PETROCHEMICAL COMPLEX MAY - REPEAT MAY - PRESENT OPPORTUNITY FOR MAJOR PROJECTS TASK FORCE APPROACH. AIM OF SUCH TASK FORCE WOULD BE US PARTICIPATION IN OVERALL BASIC ENGINEERING AND EXPORTS OF US EQUIPMENT THROUGH INTRODUCTION OF INVESTORS.
END OF SUMMARY.

1. AT MEETING OF ECONOMIC DEVELOPMENT COUNCIL ON AUGUST 27, RIO GRANDE DO SUL WAS FINALLY SELECTED AS AREA FOR BRAZIL'S THIRD PETROCHEMICAL COMPLEX BASED ON LOCAL PETROBRAS REFINERY ALBERTO PASQUALINI WHICH EXPECTED TO DOUBLE ITS OUTPUT DURING 1977 AS RESULT OF CURRENT EXPANSION PROGRAM, COMPLEX WILL HAVE HEAVY ORIENTATION TOWARDS PLASTICS.

2. CORE PLANT PROJECTED PRODUCE 350 THOUSAND TONS/YEAR OF ETHYLENE. DOWNSTREAM OPERATIONS TO PROVIDE 200 THOUSAND T/Y LOW-DENSITY POLYETHYLENE: 50 THOUSAND T/Y HIGH-DENSITY POLYETHYLENE: 200 THOUSAND T/Y VINYL CHLORIDE: 200 THOUSAND T/Y POLYVINYL CHLORIDE: 50 THOUSAND T/Y PHENOL: 100 THOUSAND T/Y CUMENE AND 80 THOUSAND T/Y SYNTHETIC RUBBER.
ESTIMATE OF PETROCHEMICAL COMPLEX ESTIMATED AT ONE BILLION DOLLARS OF WHICH SOME THREE HUNDRED MILLION DOLLARS WILL PROBABLY BE INVESTED IN CORE PLANT WITH ADDITIONAL SEVEN HUNDRED MILLION DOLLARS TO BE EXPENDED IN DOWNSTREAM OPERATIONS. IT IS ESTIMATED THAT FIFTY TO SIXTY PERCENT OF EQUIPMENT CAN BE PRODUCED DOMESTICALLY, REMAINDER BEING IMPORTED. CIVIL ENGINEERING COSTS PROJECTED AT SEVENTY MILLION DOLLARS EXPECTED BE FURNISHED LOCALLY.

4. PRELIMINARY STUDY MADE LATE 1974 UNDER AUSPICES OF STATE SECRETARY OF PLANNING HAD AS CONSULTANTS BUREAU D'ETUDES INDUSTRIELLES ET DE COOPERATION DU PETROLE, AND AGENCY OF THE FRENCH GOVERNMENT'S LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BRASIL 08013 151949Z

L'INSTITUT DU PETROLE. SAME FRENCH GROUP ALSO PREPARED FEASIBILITY STUDY FOR BAHIA PETROCHEMICAL COMPLEX. PRE-FEASIBILITY STUDY PREPARED ON RIO GRANDE DO SUL COMPLEX IS FIVE VOLUMES IN LENGTH, ALL IN FRENCH, AND WILL NOT BE RELEASED TO PUBLIC. (WE UNDERSTAND STUDY WAS ESSENTIALLY A GIFT FROM FRENCH). ON CONFIDENTIAL BASIS, WE HAVE OBTAINED RESUME AND CONCLUSIONS IN PORTUGUESE AND ARE IN PROCESS OF STUDYING THEM.

5. POWER FOR THE PETROCHEMICAL COMPLEX IS TO BE
FUUNISHED BY A TERMOELECTRIC PLANT TO BE FIRED BY
LOCALLY-MINED COAL. THE PLANT IS PROJECTED TO USE
300 THOUSAND TONS OF COAL A YEAR FROM LOCAL RESERVES.
DECISION ON COAL-FIRED THERMOELECTRIC PLANT IS
EXPECTED TO SAVE 25,000 BARRELS/DAY OF OIL.

6. ON AUGUST 29 IN PORTO ALEGRE COMMERICAL COUNSELOR
TOGETHER WITH CONSUL AND COMMERCIAL OFFICER CALLED ON
STATE SECRETARY OF INDUSTRY AND COMMERCE, CLAUDIO
STRASSBURGER. STATE SECRETARY CONFIRMEDTHAT OVERALL
BASIS ENGINEERING FOR COMPLEX STILL UNAWARDED.
POSSIBILITY OF GOING TO INTERNATIONAL BIDDING WAS
MENTIONED. STRASSBURGER NOTED THAT IIN VIEWW OF
PETROCHEMICAL DEVELOPMENTS TIME FRAME FOR A SCHEDULED
INVESTMENT SEMINAR WOULD BE ACCELERATED. INVESTMENT
CLEARLY CRITICAL TO SUCCESS OF COMPLES. STRASSBURGER
VOLUNTEERED KEEP US INFORMED AS TO LOCAL INSTITUTIONAL
POINT OF CONTACT ONCE SPECIAL WORK GROUP DISBANDED.

7. COMMENT: THERE IS POSSIBILITY THAT THRID PETROCHEMICAL
COMPLEX MAY BE SUITABLE FOR ATTENTION OF
MAJOR PROJECTS TASK FORCE. OBJECTIVE WOULD BE USE
PARTICIPATION INOVERALL ENGINEERING AND "INTRODUCTION"
OF US INVESTORS TO PROJECT. EMBASSY WILL CONTINUE
TO DEVELOP INFORMATION ON PETROCHEMICAL COMPLEX
AS WELL AS SEARCH OUT POSSIBLE COMMERICAL OPPORTUNITIES,
IF THEY EXIST, IN ASSOCIATED THERMOELECTRIC PLANT.
SHOULD PRELIMINARY POLLING OF US INDUSTRY CONTACTS
REVEAL LITTLE INTEREST OR PRACTICABILITY, PLEASE
ADVISE, ON OTHER HAND, WE WOULD WELCOME SPECIFIC
TECHNICAL INFORMATION INPETROCHEMICAL SECTOR WITH
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 BRASIL 08013 151949Z

WHICHTO ASSESS COMMERCIAL INTERESTS.
JOHNSON

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DRUGS, PETROLEUM PRODUCTS, TRADE PROMOTION
Control Number: n/a
Copy: SINGLE
Draft Date: 12 SEP 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BRASIL08013
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750319-0658
From: BRASILIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750955/aaaabwhf.tel
Line Count: 156
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 04 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 SEP 2003 by CunninFX>; APPROVED <01 DEC 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BRAZIL'S THIRD PETROCHEMICAL COMPLEX - POSSIBLE MAJOR PROJECTS TASK FORCE OPPORTUNITY
TAGS: TBIO, BR
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006